

Joint Appropriations Committee, Transportation

Glossary of Budgeting Terms

Common Budget Terms:

Appropriation: An action by the General Assembly authorizing withdrawal of funds from the State treasury pursuant to [Article V, Sec. 7](#) of the North Carolina Constitution. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

Authorized Budget: The working budget composed of the certified budget plus allowable budget revisions and adjustments authorized in G.S. 143C-6-4.

Availability: A reference to the total amount of money available, including unreserved fund balance and all receipts and revenue anticipated in a fiscal year.

Availability Statement: A list of revenue anticipated to offset the expenditures or appropriations included in the budget bill. [G.S.143C-5-3](#) requires the legislature to include a list or statement in the annual appropriations act for the General Fund, Highway Fund, and Highway Trust Fund.

Base Budget: The part of the State budget that provides the baseline for the next biennium. The authorized budget is used as the starting point and adjusted for federal payroll taxes, annualization of programs and positions, adjustments for recurring and nonrecurring items during a prior fiscal biennium, adjustments for receipt projections, and reconciliation of inter- and intra-governmental transfers. Section 6.4 of S.L. 2014-100 amended the State Budget Act, repealing G.S. 143C-1-1(d)(7a), the definition of Continuation Budget and added G.S. 143C-1-1(d)(1c) establishing the Base Budget.

Biennium: The two fiscal years beginning on July 1 of each odd-numbered year and ending on June 30 of the next odd-numbered year.

Budget Technical Corrections: A bill introduced (following enactment of the main budget bill) to address technical issues or errors in the enacted budget. Other non-technical items may be included in the bill.

Capital Improvements: Nonrecurring appropriations for new construction, rehabilitation or repairs of existing facilities, and real property acquisition.

Carryforward: Funds appropriated but unspent in a fiscal year that are brought forward for expenditure in the following year.

Certificates of Participation (COPs): Tax-exempt bonds issued by government entities usually secured with the pledge of appropriation. COPs enable governmental entities to finance capital projects such as prisons, office buildings, and land. Backed by a pledge of appropriation, this type of special indebtedness does not pledge the faith and credit of the State and does not require voter approval.

Certified Budget: The budget as enacted by the General Assembly, including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes mandated by the General Assembly.

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Committee Report (Money Report): A compilation of all legislative adjustments made to the Governor's Recommended Base Budget. The Committee Report lists each adjustment and provides a brief description along with guidance on specific items or explicit legislative intent. This report is used to construe the intent of the appropriations act (G.S. 143C-5-5).

Consensus Revenue Forecast: A statement of anticipated taxes, fees, and other money the State General Fund is expected to receive during a fiscal year, independently developed by the Fiscal Research Division and the Office of State Budget and Management. The consensus forecast may be used by the Governor and the General Assembly when formulating their respective budgets.

Contingency and Emergency Fund: A special fund which the Director of the Budget may expend for emergencies or other unanticipated needs with approval by the Council of State and as authorized by G.S. 143C-4-4.

Continuation Review: A legislatively mandated budget review which (1) requires specified programs whose funding was made nonrecurring to provide written reports and (2) authorizes the Appropriations Committees of the Senate and the House of Representatives to review those reports to determine whether to restore funding for those programs.

Continuing Resolution (CR): A short-term appropriations bill that keeps State government funded and operating when the legislature fails to enact a new biennial budget prior to June 30th. The need for and composition of a CR varies but most often extends the State's spending authority at specified levels and for a specified period of time.

Current Operations: The costs associated with the daily activity of programs supported by the State, such as salaries, utilities, and travel; excludes capital improvements and repairs and renovation costs.

Debt Service Fund: A budgeting and account entity used to administer the accumulation of funds and the payment of general long-term debt principal and interest.

(Departmental) Receipts: Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions that are applied to the cost of a program administered by the State. Departmental receipts may include funds transferred into a fiscal year from a prior fiscal year.

Enacted Budget: The budget as enacted by the General Assembly in the annual Current Operations Appropriations Act in accordance with Article 5 of [Chapter 143C](#). The enacted budget usually includes items funded through various reserves but not yet distributed to State agencies. Examples include the funding needed to bring a new building online during the fiscal year and funds anticipated for economic incentive projects.

Encumbrance: A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

Entitlement: A government program that provides individuals, state and local governments, with

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personal financial benefits or services to which an indefinite number of potential beneficiaries have a legal right (enforceable in court, if necessary) whenever they meet eligibility conditions that are specified by the standing law that authorizes the program. The best known example of an entitlement program at the state level is Medicaid.

Enterprise Fund: A fund used to account for any activity for which a fee is charged to non-state entities for goods or services and for which that fee is the principal source of revenue. Examples include the N.C. State Lottery Fund and the N.C. State Fair.

Exempt from the Human Resources Act (EHRA): A designation (previously referred to as EPA) for government positions not subject to [Chapter 126](#), the State Human Resources Act and the policies, procedures and rules adopted by the State Human Resources Commission.

Expansion Budget: The part of the State budget which provides for new programs, growth of existing programs, and increases in salaries and benefits.

Fiscal Note: A formal fiscal estimate, including a brief statement of costs and revenue impact, for the first five fiscal years the legislation would be in effect. [GS 143C-2-3](#) requires a State agency proposing a bill that affects the State budget to prepare a fiscal analysis for the bill and submit the analysis to the Fiscal Research Division upon introduction of the bill.

Fiscal Memorandum (Memo): Provides the same fiscal analysis as a Fiscal Note, except a Fiscal Memo is confidential to the requestor. Analyses on draft bills and committee substitutes that have not been formally introduced are considered Fiscal Memos. After the bill has been made public or filed, the Memo may be converted to a Fiscal Note. Everything related to a Fiscal Memo is confidential and staff may not discuss any aspect of the Memo, or even acknowledge its existence, unless authorized by the requesting legislative member.

Full Time Equivalent (FTE): A unit used to quantify staffing. One FTE (1.0) is a full year, 40-hour-per-week position.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on stated programs, activities, and objectives of State government.

GARVEE – Grant Anticipation Revenue Vehicle Bond – Debt instrument to progress construction projection and the entire debt service is paid by future federal transportation receipts and no State support.

General Fund Operating Budget: The sum of all appropriations from the General Fund for a fiscal year, except appropriations for (i) capital improvements, including repairs and renovations, and (ii) one-time expenditures due to natural disasters or other emergencies.

General Fund: The fund to which revenues are deposited that are not designated for special purposes and are therefore available to support the general operations of State government.

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General Obligation Bond: Bonds used for funding permanent public capital improvements such as buildings and roads. The repayment of these bonds is made from the levy of taxes, and voter approval is required per the NC Constitution.

General Purpose Revenue: Revenue derived primarily from taxes and various fees not required by law to be deposited into a specific fund other than the General Fund and are not designated for special purposes.

Highway Fund: The special revenue fund to which revenue designated for transportation-related operations, maintenance, and improvements is deposited.

Highway Trust Fund: A special revenue fund established in 1989 for the completion of certain specified highway construction projects. The Highway Trust Fund is used to fund projects selected through the Strategic Transportation Investments Act ([S.L. 2013-183](#)), N.C. Turnpike Authority projects, administrative costs and transportation debt.

Internal Service Fund: A fund which accounts for any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments on a cost-reimbursement basis.

Justification Review: A review of selected programs and initiatives conducted by the Fiscal Research Division. These reviews are part of a pilot zero base budgeting exercise that was first authorized in S.L. 2005-276, Section 6.34.

Lapsed Salaries: Surplus funds resulting from the salary and associated benefits not expended for temporarily vacant positions. [GS 143C-6-9](#) prohibits the use of lapsed salaries for recurring purposes.

Management Flexibility Reserve: A method by which a legislatively mandated budget reduction is imposed without detailing the specific lines of expenditure to be decreased. This method is also known as a negative reserve.

Negative Reserve: A budget reduction imposed without detailing the specific lines of expenditure to be decreased. (See also management flexibility reserve.)

Net General Fund Appropriation: An appropriation of the General Fund's general purpose revenue. Total requirements – departmental receipts = net General Fund appropriation. (See also total requirements and departmental receipts.)

Nonrecurring: A term applied to revenue or expenditures that are for one-year only.

Nontax Revenue: Revenue that is not a tax proceed or a departmental receipt and that is required by law to be credited to a specific fund.

Receipts: See Departmental Receipts

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Repairs and Renovation Reserve: A reserve in the General Fund to provide for the repair and renovation of State facilities and related infrastructures that are supported from the General Fund. ([G.S. 143C-4-3](#))

Requirements: See Total Requirements

Reversion: The unexpended, unencumbered balance of an appropriation at fiscal year end that reverts, as required by law, to the fund from which the appropriation was made.

Salary Reserve: Funds that accumulate when a position is downgraded or filled at a salary amount less than the amount at which it was budgeted. Salary reserve can be used to increase the salary of other positions due to promotion and/or reclassification or filling a position at a salary higher than that at which the position was vacated.

Savings Reserve Account: A component of the unappropriated General Fund balance that is maintained as a reserve to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. ([GS 143C-4-2](#))

Special Provisions: Language contained in the annual appropriations bill that sets forth legislative expectations and directives that govern the expenditure of funds and other requirements. Special provisions have the force of law and typically pertain directly to the budget and may be substantive, amending existing laws or creating new laws.

State Agency: A unit of the executive, legislative, or judicial branch of State government, including departments, institutions, divisions, commissions, boards, councils, and constituent campuses of The University of North Carolina. The term does not include a unit of local government or a public authority.

State Funds: Any moneys, including federal funds, deposited in the State treasury, except monies deposited in a trust fund or agency fund as described in G.S. 143C-1-3.

Special Revenue Fund: A fund used to account for revenue designated by law for a specific purpose; revenue deposited must remain in the fund until expended for that purpose.

Statutory Appropriation: An appropriation that authorizes the withdrawal of funds from the State treasury during fiscal years extending beyond the current fiscal biennium, without further act of the General Assembly.

Subject to the Human Resources Act (EHRA): A designation (previously referred to as SPA) for government positions that are subject to [Chapter 126](#), the State Human Resources Act and the policies, rules and procedures adopted by the State Human Resources Commission.

Tax Expenditures: Revenue that the State foregoes through the provisions of State law that allows (1) deductions, exclusions or exemptions from the taxpayers' taxable income, (2) deferral of tax liability, or (3) preferential tax rates.

General Fund Availability: The sum of the beginning General Fund unreserved fund balance,

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various general purpose taxes such as sales and income tax, and nontax revenue including judicial fees and interest income.

Total Source of Funds: All funding sources including the General Fund's general purpose revenue and agency revenue, special fund revenue (such as gasoline taxes or sale of fishing licenses); and enterprise fund revenue as certified by the Office of State Budget and Management.

(Total) Requirements: The total cost associated with a proposed expenditure of funds regardless of source of funds. Total requirements – departmental receipts = net General Fund appropriation. (See also departmental receipts and net General Fund appropriation.)

Unreserved Fund Balance: The available cash balance in a fund effective June 30 after excluding documented encumbrances, unearned revenue, federal grants, statutory requirements, and other legal obligations. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year.

Veto: An act by the Governor to reject an entire legislative measure. [Article II, Section 22](#) of the NC Constitution provides the Governor with authority to reject or veto a bill, including the budget, enacted by the General Assembly.